Annual Report 2007-08

Department of Finance

Newfoundland
Labrador

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1.0 Message From the Minister

Dear Mr. Speaker:

In accordance with Government's commitment to greater transparency and accountability, I am pleased to present the Annual Performance Report for the Department of Finance for the year ending March 31, 2008. This report has been prepared in keeping with the reporting requirements for category one entities as outlined under the *Transparency and Accountability Act*. As Minister of Finance, I am accountable for the preparation of this report and the achievement of the results contained herein.

In addition to other things, this report provides an overview of the department's key responsibilities, shared commitments and budgetary allocation for the 2007-08 fiscal year. The report summarizes the highlights and accomplishments of the department and provides a legislative update to apprise the public of those measures which were introduced before the House of Assembly and subsequently received Royal Assent. The report also outlines the progress made on the final year objectives and overall goals identified in the department's 2006-08 Strategic Plan.

During the last year, the Department of Finance made significant progress in a number of important areas. July 1, 2007, marked implementation of the largest Personal Income Tax (PIT) reduction in the history of this province. These tax reductions resulted in Newfoundland and Labrador having the lowest PIT rates in Atlantic Canada. As well, amendments were made to the Public Service Pension Plan (PSPP) which enabled Government to pay $982 million into the PSPP to address longstanding concerns around the unfunded pension liability. Further, last year marked the third consecutive year that this province recorded a budget surplus. A surplus of $1.376 billion, the largest in the history of this province, is expected to be recorded once the books of the province are finalized for 2007-08.

In closing, I would like to take the opportunity to acknowledge all those who contributed to the success the Department of Finance has achieved during the past year. Your hard work and dedication has been instrumental in helping the department achieve the goals and objectives outlined in its 2006-08 Strategic Plan. I look forward to your continued support and involvement as we move the department's new Strategic Plan forward.

Sincerely,

THOMAS W. MARSHALL, Q.C.
Minister of Finance

2.0 Departmental Overview

2.1 Responsibilities

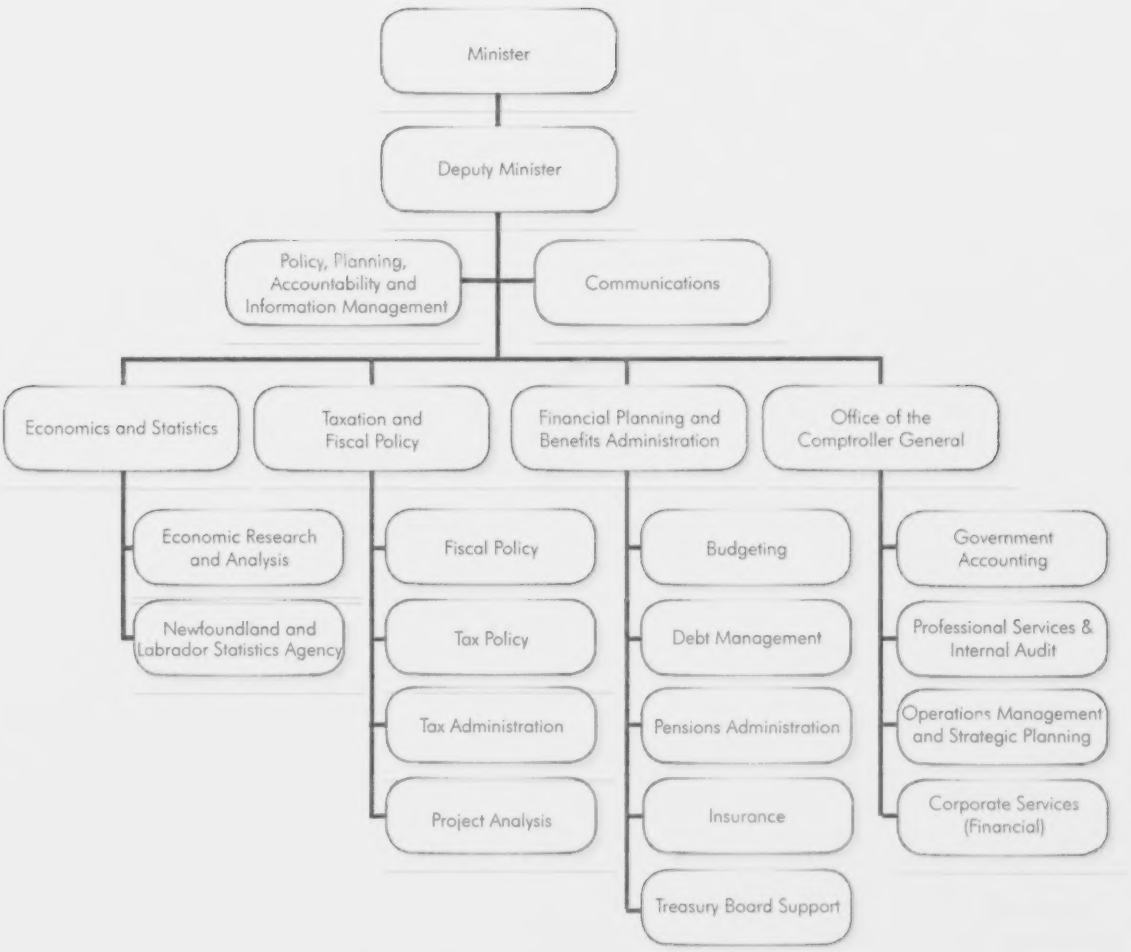
The Department of Finance is responsible for matters related to the financial, fiscal and economic policy of government and has stewardship over all public funds, which for the fiscal year ended March 31, 2008, was approximately $6 billion. The department provides analysis and advice on these matters through the Minister to Cabinet and its committees, particularly Treasury Board, for which the Minister of Finance serves as President. The Department of Finance is also responsible for the administration of provincial tax statutes, as well as for the provision of centralized services to other departments such as economic analysis and statistical services, financial management, payroll, pensions and other benefits.

2.2 Organizational Structure

The Department of Finance has four separate branches: Economics and Statistics, Taxation and Fiscal Policy, Financial Planning and Benefits Administration, and the Office of the Comptroller General. Each branch is responsible to an Assistant Deputy Minister, who reports to the Deputy Minister of Finance. Support services for the department are also provided by the Director of Policy, Planning, Accountability and Information Management and the Director of Communications. The Director of Policy, Planning, Accountability and Information Management is responsible for the development, coordination and implementation of the department's planning and reporting functions as outlined under the *Transparency and Accountability Act*. The Director of Communications provides strategic communications and support to the Minister of Finance and co-ordinates communication activities for all four branches within the department. Both of these positions report directly to the Deputy Minister of Finance.

In addition to the various branches within the Department of Finance, several boards, agencies, commissions and committees report to and are accountable to the Minister of Finance. These include: C.A. Pippy Park Commission, Newfoundland and Labrador Municipal Financing Corporation, Newfoundland and Labrador Industrial Development Corporation, Newfoundland and Labrador Liquor Corporation, Newfoundland and Labrador Consolidated Sinking Fund, Government Money Purchase Pension Plan, Newfoundland and Labrador Pooled Pension Fund, Newfoundland Government Fund Limited, Pension Investment Committee, Labrador Transportation Initiative Fund and the Public Sector Pension Plan Joint Trusteeship Transition Committee. Responsibility for the Atlantic Lottery Corporation (ALC) is shared by the four Atlantic Provinces. In this province, those responsibilities fall under the duties of the Minister of Finance.

Organizational Chart



2.3 Lines of Business

The Department of Finance delivers its mandate through the following lines of business:

Executive Support

- **Policy, Planning, Accountability and Information Management**
  Responsible for the development, coordination and implementation of the department's planning and reporting functions as outlined under the *Transparency and Accountability Act*. This includes coordination and preparation of the department's Strategic Plan, Operational Plan, Annual Report and Workforce Plan. Implements work planning processes; coordinates learning and development initiatives; implements strategies identified in the department's human resource plan; monitors and coordinates updates to the commitments management information; and coordinates the legislative agenda for the Department of Finance. Also responsible for developing Information Management (IM) policies and procedures and coordinating departmental wide IM initiatives.

- **Communications**
  Provides strategic communications and support to the Minister of Finance and co-ordinates communication activities for all four branches within the department.

Taxation and Fiscal Policy

- **Fiscal Policy**
  Negotiation and administration of all programs under federal-provincial fiscal arrangements; forecasting, analysis and monitoring of provincial revenues; coordination of the annual budget speech and mid-year financial update; and analytical support for the development of government's fiscal policy.

- **Project Analysis**
  Provides financial and economic impact analysis for government departments and agencies to assist in policy development and budgeting decisions. Also provides analysis on a broad range of private sector economic development proposals and various government programs.

- **Tax Policy**
  Responsible for the analysis and assessment of the implications of changes to existing provincial taxation policies, options for taxation reform, development of benefit programs and new revenue proposals. This includes analyzing the impact of federal initiatives on individual and corporate taxpayers and monitoring tax policy developments in other provinces and jurisdictions. Also responsible for the management of federal administration of provincial taxes, which includes the negotiation and monitoring of related agreements with Finance Canada and the Canada Revenue Agency. Provides consultative services to other departments respecting policy analysis and development that may have taxation or other related financial implications, and represents the department in several horizontal initiatives such as the Poverty Reduction Strategy and the Interdepartmental Working Group on Healthy Ageing. Provides analytical and administrative support to the Minister of Finance in respect to his role as minister responsible for the Atlantic Lottery Corporation and the Newfoundland and Labrador Liquor Corporation. Also responsible for the annual pre-budget consultation process, which includes ministerial briefings, planning and running consultation sessions, compiling summaries of representations and disseminating to appropriate departments for consideration in budget submissions.

- **Tax Administration**
  Administration of various provincial taxes and rebate and incentive programs including: tobacco tax, gasoline tax, health and post-secondary education tax, mining and mineral rights tax, insurance companies tax, utilities tax, financial corporations capital tax, retail sales tax, school tax, the direct equity tax credit program, the home heating rebate program and other rebate and credit programs.

Financial Planning and Benefits Administration

- **Budgeting**
  Annual budget preparation and monitoring; sets financial policies for government entities; provides financial analysis and advice to Cabinet and its committees; prepares the Estimates and multi-year fiscal plans; and recommends allocation of financial resources to departments.

- **Treasury Board Support**
  Responsible for the effective operations of the Treasury Board Committee of Cabinet. This includes providing analysis, advice and recommendations on a wide variety of

financial, administrative and other matters submitted to the Treasury Board in the form of Treasury Board submissions and Cabinet submissions on areas of responsibility delegated to the Treasury Board in keeping with the *Financial Administration Act*. Feedback is also provided to the Social and Economic Policy Committees of Cabinet on Cabinet submissions and other matters referred to those committees. Provides feedback to the Transparency and Accountability Office on the Strategic Plans of Category 1 government entities, Business Plans of Category 2 government entities and Activity Plans of Category 3 government entities. These plans are required in accordance with the *Transparency and Accountability Act*. Operates the central registry for the Public Service Secretariat and several divisions within the Department of Finance.

- Debt Management
  Management of the province's borrowing and debt servicing programs, including cash management and the investment of sinking fund assets; assessment of applications under certain financial assistance programs involving loans, loan guarantees or equity investments; when required, assessment of other proposals which do not fall under established funding programs; follow-up administration of approved loans, loan guarantees, or equity investments; and management and operation of the Crown corporations NL Municipal Financing Corporation, NL Industrial Development Corporation, and Newfoundland Government Fund Limited.

- Pensions Administration
  Management of various provincial public sector pension programs, including policy development and advice, the delivery and communication of benefit services and the investment of related trust assets.

- Insurance
  Management of government's general insurance and group insurance programs for selected government entities and public sector employees/retirees.

Office of the Comptroller General

- Government Accounting
  Develops financial procedures and policies, administers applicable legislation and policy to ensure adequate controls over revenues, expenditures, assets and liabilities and prepares the provincial financial statements (Public Accounts) and related financial reports, as required by best practices and to maintain control over the Consolidated

Revenue Fund. Manages and administers the financial books of the province; maintains appropriation control; issues payments and records receipts on behalf of all government departments; and provides ongoing advice to the Comptroller General with respect to interpretations of, and reporting responsibilities under, the *Financial Administration Act* and various other applicable legislation.

- **Professional Services and Internal Audit**
  Provides professional services and consulting to the Executive, Government Departments and Legislative Branch (House of Assembly – Audit Committee) in the areas of: financial management, accounting and systems; financial policy development and implementation; financial reporting; operational support; and internal audit, in order to facilitate the efficient and effective management of programs and resources, and promote accountability and quality reporting for Government.

- **Operations Management and Strategic Planning**
  Provides a functional leadership role in the identification, formulation, support and management of business processes and internal controls for financial management system applications throughout Government to ensure the proper books of account are operated and maintained.

- **Corporate Services (Financial)**
  Responsible for implementing a corporate shared service for financial and payroll transaction processing, including the establishment of a compensation and benefits processing shared services section, and other units relating to financial transaction processing.

Economics and Statistics

- **Economic Research and Analysis**
  Analysis and forecasting of the macroeconomic environment; provision of specific macroeconomic analysis and studies related to policy and project impact assessments. Responsible for both Newfoundland and Labrador Econometric and Input/Output Models, as well as, the Population Projection Model and demographic analysis. Also responsible for the publication of the budget document, *The Economy* and the mid-year review report, *The Economic Review*.

- **Newfoundland and Labrador Statistics Agency (NLSA)**
  Statistical and analytical services, including the development of specific provincial data and other unique information necessary for government's policy development and analysis. Government's central source for data collection and information resources produced by Statistics Canada.

2.4 Financial Resources and Budgetary Allocation

The financial activities of the Department of Finance for the year ending March 31, 2008 showed gross expenditures of just over $69 million, offset by related revenues of approximately $3.5 million. Overall net expenditures were approximately $13.4 million less than budgeted due in large part to lower Grants, Allowances and Assistance than originally anticipated (see Table 2) and lower Government Personnel Costs (see Table 3). Expenditure and revenue figures included in this document are un-audited and based on public information provided in the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for the Year Ended 31 March 2008. Audited financial statements are a requirement at the government level and are made public through the Public Accounts process, however the Department of Finance is not required to provide a separate audited financial statement. A copy of the department's *Report on Program Expenditures and Revenues of the Consolidated Revenue Fund* is provided in Appendix E.

Table 1: Departmental Budget

Expenditures	Budget $	Actual $
Operating Salaries	15,284,700	13,080,733
Operating Salaries (Statutory)	106,700	106,672
General Operating	2,600,600	2,324,556
Professional Services	465,000	597,169
Grants, Allowances and Assistance (Table 2)	10,003,000	3,468,625
Loans, Advances and Investments	500,000	-
Government Personnel Costs (Table 3)	52,562,100	47,619,324
Pensions Administration	2,412,400	1,839,399
Gross Expenditures	83,934,400	69,036,497
Related Revenue	(5,065,600)	(3,550,994)
Net Expenditures	**78,868,900**	**65,485,484**

Year Ending March 31, 2008

Included in the department's statement of expenditures and related revenues are operating grants to C.A. Pippy Park Commission, special assistance related to Government's Fuel Oil

Tank Replacement Program and financial assistance for other initiatives. Last year, a grant of $350,000 was provided to C.A. Pippy Park for general operating; just over $100,000 was provided for the Fuel Oil Tank Replacement Program; and approximately $3 million was provided for other financial assistance, including a grant of approximately $1.4 million to NL Hydro to assist with a rate stabilization plan and $1.6 million to NL Government Fund Limited. Overall, Grants, Allowances and Assistance were approximately $6.5 million lower than budgeted. This is a result of lower than anticipated take up on Government's Fuel Oil Tank Replacement Program and a reduced requirement for other financial assistance.

Table 2: Grants, Allowances and Assistance

Expenditures	Budget $	Actual $
Allowances for the Fuel Oil Tank Replacement Program	750,000	101,375
Operating Grant to C.A. Pippy Park Commission	350,000	350,000
Financial Assistance	8,900,000	3,015,000
Other	3,000	2,250
Total Grants, Allowances and Assistance	**10,003,000**	**3,468,625**

Year Ending March 31, 2008

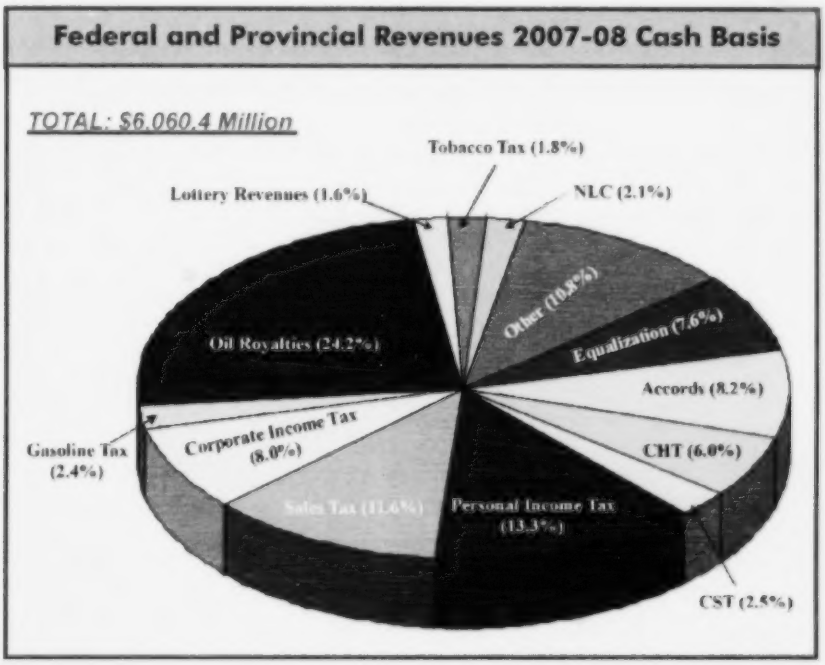
All costs relating to universal employee benefits programs paid by government as the employer, for its employees, are centralized as government personnel costs in the Department of Finance's budgetary allocation. During the 2007-08 fiscal year, government personnel costs were approximately $47.6 million, about $4.9 million lower than budgeted. Personnel costs include benefits such as Employment Insurance (EI), Canada Pension Plan (CPP), group health and life and payroll tax. The breakdown for last year's government personnel costs is provided in the table below.

Table 3: Government Personnel Costs

Expenditures	Budget $	Actual $
Salaries (Note 1)	1,531,100	0
Employee Benefits:		
EI	6,635,300	6,574,834
CPP	13,746,700	13,823,665
Group Medical	20,949,400	17,864,160
Group Life	1,737,100	1,190,675
Health and Post-Secondary Employment Tax (Payroll Tax)	7,962,500	8,165,987
Total Expenditures	**52,562,100**	**47,619,324**
Note 1: Restated 1 - $83,500 restated to Treasury Board Support Restated 2 - $167,600 restated to Labrador & Aboriginal Affairs Restated 3 - $3,075,300 restated to Justice		

Year Ending March 31, 2008

In addition to the related revenues identified in Table 1 as part of the Department of Finance's budget, the department has stewardship over substantially all of the current account revenues generated by the province. Last year, current account revenues totaled just over $6.0 billion, of which just over 24% was oil royalties. The following chart gives a breakdown of revenues by source.



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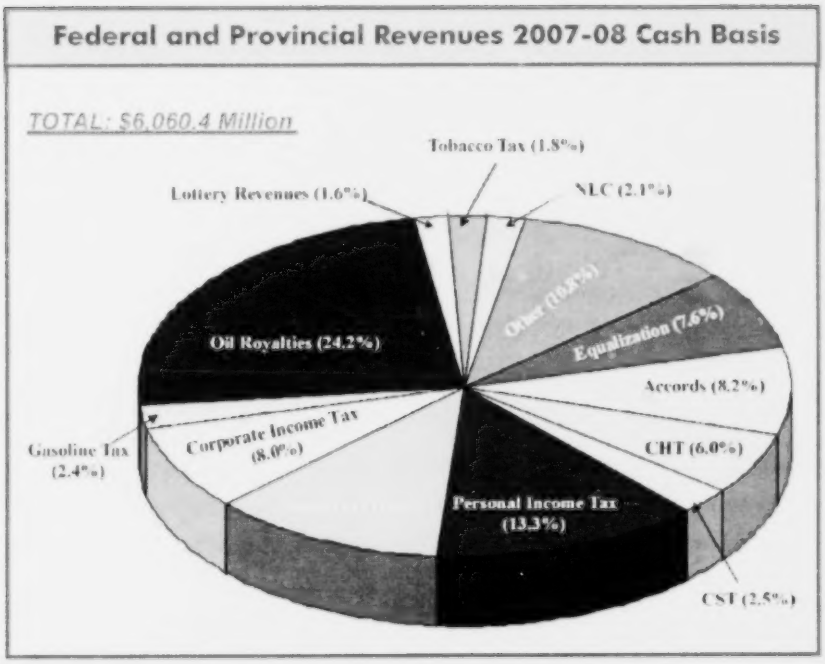


2.5 Human Resources

As of March 31, 2008, the Department of Finance had 381 employees consisting of 226 permanent, 101 temporary and 54 contractual employees. The table below provides a breakdown of the number of employees by class.

Summary of Employees by Occupational Class

Employee Class	Number	Percentage
Executive	8	2
Directors	16	4
Managers	59	15
Professional	51	14
Technical	36	9
Administration	169	45
Other	42	11
Total	**381**	**100%**

Employee Gender

The current gender distribution of the department's staff complement shows that there are more women than men. At the end of 2007-08 there were 266 female employees in the Department of Finance (about 70% of all employees). This is in contrast to the Core Public Service where almost 60% of all employees are male. While the majority of the department's administrative staff are women, approximately 50% of management positions in the Department of Finance were filled by women during the past year. This includes executive, directors, managers and other professional/technical positions. Historically, management positions in the financial area of government were male dominated with few women seeking a professional career in the financial field. Over the last decade more women have filled management positions in the Department of Finance.

Employees by Age

Approximately 62% of the department's employees were over the age of 40 and only 16% were less than 30 years of age at the end of 2007-08. These results are consistent with those of the core public service and reflective of our aging workforce.

Employees by Age

Age	Number of Employees in Age Group	Percentage
Less than 30 years	60	16
30-35 years	41	11
35 to 40	43	11
40 to 45	66	17
45 to 50	73	19
50 to 55	67	18
55 to 60	24	6
>60 years of age	7	2
Total	**381**	**100%**

Potential Retirements

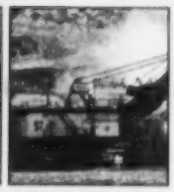
An analysis of employees by age and years of service revealed that 8 employees are currently eligible for retirement and another 8 will become eligible during the 2008-09 fiscal year. Over the next 5 years, 63 employees, or almost 18%, of current employees will be eligible for retirement. The table below shows potential retirements for the next 5 years.

Potential Retirements

	Number this year	Cumulative
Currently Eligible	8	8
2008-09	8	16
2009-10	9	25
2010-11	12	37
2011-12	14	51
2012-13	12	63

2.6 Vision

A province with a vibrant and self reliant economy and prosperous people.



2.7 Mission

In its vision of a strong, sustainable, self reliant Newfoundland and Labrador, government has to strike the perfect balance of fiscal stability and strategic economic investment. In working towards its vision, government has focused on specific areas that are included in the Department of Finance's mandate. One of the areas identified is the taxation regime of the province. The taxation regime of a province is recognized as a critical component of a competitive economy and for this reason government announced in Budget 2006 it planned to undertake a review of its overall tax structures. Government also announced in Budget 2006 that it foresaw a future with surpluses and it planned to reduce its exposure to debt by applying revenue to the pension plan liability. The Department of Finance will support government in the achievement of these goals through its responsibilities in relation to the stewardship of public money and fiscal management, as conferred by government and outlined in its mandate.

By March 31, 2011, the Department of Finance in its commitment to strong fiscal management will have supported government in the effective management of the province's finances, achievement of annual surpluses and the development of a business climate which promotes economic growth.

Measure: Financial Position
Improved Business Climate

Indicators:

- Revenue enhancement activities
  - Improved collections
  - Reduction of bad debt
  - Representation to the federal government by the minister at federal - provincial tax meetings
- Expenditure restraint/discipline activities
  - Identification of spending priorities
- Forecasting practices/activities
- Improvement in credit rating

- Maintenance and/or improvement of financial indicators
- Messages from the Auditor General's Financial Report

During the past year, the Department of Finance refined its mission so that the measures and indicators were more clearly defined and meaningful to the public. The indicators for the mission were grouped into two categories 1) Advice and Recommendations and 2) Implementation and Monitoring Processes. It is noted however, that the intent of the mission has not changed. A current version of the Departments mission can be obtained from the Department of Finance's 2008-11 Strategic Plan.

2.8 Values

The Department of Finance is committed to providing timely, professional and quality services through the efficient use of our resources. We work cooperatively with government departments, Crown corporations, agencies and boards, and other stakeholders to ensure our services are responsive to their needs. We believe in the value of our employees, the team approach to problem solving, and the need for progressive training and education in creating job satisfaction and career development.

We believe in the value of our employees....

Core values explain the character of the organization we promote. Strategic values help to ensure our core values are visible throughout the organization by identifying actions that demonstrate their meaning.

Core Values	Strategic Values
Collaboration/Team Work	Each individual contributes to the completion of assigned projects and recognizes the contributions of others.
Integrity	Each person ensures that clients are provided with reliable and objective analysis and advice and that their rights to privacy are protected.
Professionalism	Each individual is committed to providing quality services through the efficient uses of our resources.
Responsiveness	Each individual fulfills requests based on client's needs.
Timeliness	Each individual meets deadlines consistent with identified priorities.

2.9 Mandate

The Mandate of the Department of Finance is derived from the *Financial Administration Act*, the Executive Council Act and an Order in Council (OC1445(a)-76) and various Treasury Board Minutes.

The *Financial Administration Act* confers various financial responsibilities and authority, pertaining to the stewardship of public money administered through the Department of Finance, including the following:

- the formulation, function and powers of Treasury Board;
- disbursements of public money;
- revenues and receipts of public money;
- the creation, duties and responsibilities of the Comptroller General of Finance;
- public debt;
- the investment of public money;
- sinking funds;
- the estimates of the province;
- the issuance of special and general warrants of supply;
- the role and responsibilities of the various Deputy Ministers or other officers responsible for a Head of Expenditure;
- appropriation controls;
- the role and responsibilities of the Lieutenant-Governor in Council, the House of Assembly and the Lieutenant-Governor with respect to public money; and
- the Public Accounts of the province.

The *Department of Finance Notice* under the *Executive Council Act*, Section 4, states that the department is responsible for the supervision, control and direction of all matters relating to:

- economic policy and statistics;
- debt management;
- administration of pensions and employee benefits;
- tax policy and administration of tax statutes;
- federal/provincial fiscal arrangements;
- project analysis; and
- the administration of the Acts set out in the Schedule to the Executive Council Act.

Order in Council (OC1445(a)–76) and various Minutes of Treasury Board confer responsibility with respect to the internal audit function and insurance administration, respectively.

3.0 Shared Commitments

The Department of Finance works collaboratively with numerous organizations, associations, other levels of Government, various government departments and many outside stakeholders in carrying out its day-to-day operations and in relation to work on various special initiatives and projects. The following describes some of the shared commitments the Department of Finance contributed to during the 2007-08 fiscal year. These shared commitments helped the Department achieve performance on many of the strategic directions contained in Appendix D of this report, particularly those components identified as being addressed in the Departments Operational and Work Plans.

Centralized Web-Receipting Application

During the past year, the Department of Finance in cooperation with the Office of the Chief Information Officer (OCIO) completed the planning stages for development of a Centralized Web Receipting System. Centralized Web Receipting will enable the public to make any type of payment to government on-line. This will not only represent a significant service quality improvement, but will also allow for operational efficiencies and control enhancements for the Office of the Comptroller General and line departments.

Financial Consolidation System

Significant work was also completed on formal documentation of requirements for a Financial Consolidation System which will provide an information infrastructure to not only facilitate and strengthen the process of preparing government's consolidated financial statements, but also be responsive to information demands about the province's financial position and operating results; specifically year-over-year and budget-to-actual variances analysis.

Development of Pre-Audit Function

Consistent with the Corporate Services (Financial) organizational model approved by government, and in conjunction with the continuing evolution of the self-service Expense Claims Management System, the Office of the Comptroller General made significant progress in the

development of a Pre-Audit function. Furthermore, this function addresses a number of recommendations set out by the Green Commission.

Recommendations of the Green Commission Report

While the pre-audit function currently addresses a number of transactional control requirements reported on by the Green Commission, the Office of the Comptroller General played a critical role in assisting the House of Assembly to establish a systemic means of promoting the control (and reporting) of legislative limits associated with constituency-related expenditures.

Government Internal Audit Council of Canada (GIACC)

Members of the GIACC are comprised of the chief internal auditors of each Canadian Province and Territory plus a representative from the Federal Government's Treasury Board Secretariat and a representative from the Canadian Comprehensive Auditing Foundation (CCAF). GIACC is dedicated to the ongoing strengthening of internal auditing in the public sector and the strengthening of linkages between the provincial/territorial/federal government's internal audit structures. The Director of Professional Services and Internal Audit in the Office of the Comptroller General's Branch represents this Province. GIACC meet, at least annually, to discuss matters of common interest and to share information.

Corporate Shared Services Commitments

The Department of Finance, through the establishment of its Corporate Shared Services Division, worked collaboratively with the various Strategic Human Resource Divisions throughout government to provide quality service to all government employees with respect to the processing of payroll and benefits. As well, the department continues to work with all government departmental financial directors and central agency staff from the Public Service Secretariat, Public Service Commission and Government Purchasing Agency to ensure the successful implementation of the financial shared services units and the departmental financial model.

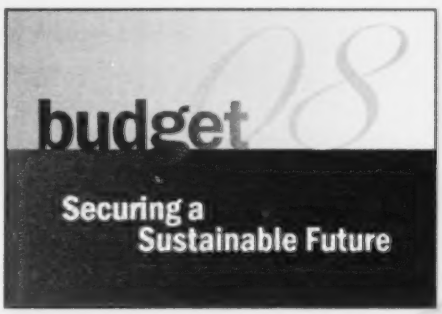
Poverty Reduction Initiative

The department is a full participant in the Poverty Reduction Strategy (PRS), with representatives on the ministers' committee, deputy ministers' committee and the inter-departmental working group. In support of the activities of the PRS, the department has developed, and continues to refine, models which demonstrate the combined impacts of federal and provincial programs that assist those with low income. To most effectively develop social policy, it is critical to understand all interrelationships between programs, especially how they impact on one another.

Shared Tax Administration

Government strives to have a tax regime that is fair, efficient and competitive while providing sufficient revenues to fund the province's constitutionally assigned responsibilities for programs and services. The design of the tax system is a key element in government's social, economic and fiscal policy, and involves consultation on a regular basis with most departments, and the federal government. The department is involved in continued consultation with the Canada Revenue Agency regarding tools and techniques to ensure the smooth delivery of tax services to the province.

Budget Consultations



Each year, the Minister of Finance holds pre-budget consultations throughout the province to give key stakeholders, individuals and interest groups an opportunity to identify budget priorities for the upcoming provincial budget. As part of the 2008 Budget consultation process, a series of public meetings were organized by the department during the 2007-08 fiscal year. Public meetings were held in 11 communities throughout the province; St. John's, Carbonear, Marystown, Clarenville, Gander, Grand Falls-Windsor, Stephenville, Corner Brook, St. Anthony, Happy Valley-Goose Bay and Labrador City/Wabush. In addition to these meetings, sectorial discussions took place with representatives from the regional integrated health authorities, regional education boards, Memorial University and the College of the North Atlantic. Further, as part of

the budget consultation process, the department received numerous written briefs, e-mails, faxes and telephone calls from residents offering their suggestions on budget priorities.

Combating Illicit Tobacco through Education and Inspection

Illicit tobacco has been identified in both Canada and the United States as a serious problem affecting the tax revenue that fund social programs and the ability of Governments to monitor tobacco content. The Department of Finance, through its tax compliance inspection program, has joined with the RCMP in addressing this burgeoning issue. Tax compliance inspectors have received training from the RCMP regarding illicit tobacco, provide support where able and seek support where needed. The sharing of information and intelligence is paramount and actively supported by both partners. As a result of this partnership, the Department of Finance has developed the Tobacco Retail Program whereby inspectors will be visiting tobacco retail locations for education and inspection for compliance to Tobacco Tax Legislation.

Aquaculture Industry and Other Financial Assistance

The Department of Finance continues to work with the Departments of Fisheries and Aquaculture and Innovation, Trade and Rural Development in assessing requests for Government financial assistance under programs designed to promote development of the aquaculture industry, carrying out the financial analysis, making recommendations to Cabinet, and implementing the security and funding arrangements for approved applications. The department also works with departments/agencies with respect to the assessment of proposals for Government financial assistance which do not fall under established funding programs.

Federal-Provincial Fiscal Arrangements

While the Department of Finance has direct responsibility for administering federal provincial fiscal arrangements, including consulting with other governments on these matters, there is on-going liaison with the Intergovernmental Affairs Secretariat on related federal-provincial issues as well as support for the Council of the Federation, First Ministers and similar meetings. The department also provides support for other departments and agencies to assist them in understanding the impact of fiscal arrangements and federal transfers on their activities.

Newfoundland and Labrador Market Basket Measure (NLMBM)

During 2007-08, the department worked with Stella Burry Community Services (SB) to develop a data set that would provide new measures of affordable housing/the numbers of those challenged by high housing costs relative to their incomes in the province. Work began to explore ways that the NL Market Basket Measure (NLMBM) of low income that is under development might be enhanced to provide data, analysis and indicators of the status of affordable housing/homelessness in the province.

The department also worked in partnership with the Poverty Reduction Strategy (PRS) to prepare the NLMBM for use to identify those experiencing low income throughout the province. When completed, the new tool will provide measures of the number of families and individuals in low income and indicators of incidence, depth, severity and persistence of low income. It will also allow analysis of changes in the number experiencing low income throughout the province and will be a major tool for assessing the impacts of the PRS on low income.

Community Accounts

Representatives from the Department of Finance worked with the Women's Policy Office to develop information and data on services and infrastructure throughout the province such as Transition/Safe Houses, Women's Centres, Family Resource Centres, Addictions Services, Victim Services, Legal Aid Offices, and Regional Coordinating Committee Offices.

Support for Genetic Research

The partnership with the History Department of Memorial University of Newfoundland and Labrador and the Population Therapeudics Group of the Health Sciences Centre work began to build family tree information based on pre-1949 Census. This genetic research infrastructure will be a valuable asset to support the development of research capacity in Newfoundland and Labrador.

Shared Financial and Economic Analysis

Financial and economic impact analysis is a key ingredient of sound decision making. The Department of Finance works closely with a number of other government departments and agencies that are involved in the evaluation of opportunities for economic development in the province. The Energy Corporation of Newfoundland and Labrador and the Departments of Business, Innovation, Trade and Rural Development, and Natural Resources are continually evaluating new business opportunities that may have the potential to bring prosperity to the province. The evaluation process is one of due diligence involving many areas of consideration. One key area of consideration, the responsibility of the Department of Finance, is assessing the fiscal impacts of economic prosperity, government costs and risks associated with an economic proposal. The provision of this information is critical to the government decision making process.

Deputy Ministers-Public Sector Accounting Board Joint Working Group (JWG)

The Deputy Ministers-Public Sector Accounting Board Joint Working Group (JWG) was created by the Deputy Ministers of Finance and representatives of PSAB. The JWG was created due to concerns being raised by various Senior Governments in Canada that the Public Sector Accounting Board's (PSAB's) conceptual framework, which drives accounting standards, did not properly reflect the realities of the public sector environment, was not consistent with the transparency and accountability objectives of government and failed to provide quality information for sound public policy making decisions. Papers for consideration and discussion by the JWG are prepared by a Support Group that includes comptrollers and finance officials from federal, provincial and territorial governments. The JWG acts as a steering committee for this group and provides guidance to support staff on issues that need to be addressed. The final report

of the JWG will serve as input to the standard setting process and will be a combined document signed by all members of the JWG. The Office of the Comptroller General plays a very active role in the JWG, which is complimented by varying degrees of involvement from the Department of Finance's Fiscal Policy, Tax Policy, Budgeting and Debt Management Divisions.

4.0 Highlights and Accomplishments

During the past year, the Department of Finance worked on a number of initiatives as outlined below. The accomplishments noted here contributed to the achievement of the various components of the strategic directions as contained in Appendix D of this report.

Parental Benefits

In 2007-08, the Department of Finance developed a Parental Benefits program consisting of two individual benefits for new parents that are residents of the province, thereby fulfilling a key Blue Book commitment. The *Progressive Family Growth Benefit* pays a lump sum of $1,000 for each child born or adopted in Newfoundland and Labrador on or after January 1, 2008. The *Parental Support Benefit* pays $100 for the 12 months following the birth or the placement of the child in the home for adoption in Newfoundland and Labrador on or after January 1, 2008. These benefits will see $9.9 million annually placed in the hands of new families in the province.

Home Heating Rebate

In December 2007, government announced an expanded home heating rebate for low-income residents of the province which maintained a maximum benefit of $200 for electricity and wood users, and increased the maximum benefit for home heating fuel users to $300, and increased the benefit to $400 for households in coastal Labrador. In addition, the income thresholds were increased to allow more families to avail of the program. The program was also enhanced to accommodate changes in marital status due to legal separation or divorce. As a result of changes to this program, the department expected to receive approximately 85,000 applications, representing $17 million in rebates. To manage the large volume of applications and inquiries, the department hired 20 temporary staff and redeployed existing supervisory staff. As of March 31, 2008, the department received 78,906 applications of which 53,948 were processed, representing total payments to the end of the 2007-08 of $12,500,564.

Pension Actuarial Valuations

As required by the *Pension Benefits Act*, actuarial valuations for the two largest pension plans, the Teachers' Pension Plan (TPP) and the Public Service Pension Plan (PSPP), were completed during the past year. Results of these valuations are due to the plan sponsor nine months subsequent to the valuation. The valuation dates were August 31, 2006 for the TPP and December 31, 2006 for the PSPP. At the valuation dates, the TPP had assets of $2.75 billion and liabilities of $3.34 billion which resulted in a funded ratio of 82.2%; the PSPP had assets of $2.6 billion and liabilities of $4.46 billion, with a funded ratio of 58.9%. The subsequent payment of $982 million to the PSPP in 2007 improved the funded ratio of the plan to in excess of 80%.

Borrowing Activity

In the first quarter of 2007-08, the department arranged two capital market borrowings totaling $650 million to complete Government's commitment to pay $982 million into the Public Service Pension Plan to place that plan on a sustainable funded level. The first payment towards this commitment occurred during March 2007.

Expense Claim and Management System

During the last fiscal year, the Department of Finance, worked with the Office of the Chief Information Officer (OCIO) to develop and implement a new self-service *"Expense Claim and Management System"* for Government. This initiative required development of policy for Treasury Board approval, pilot of the system and various actions to facilitate successful government-wide implementation.

TRIM – Executive Correspondence

Last year, the Department of Finance in collaboration with the Office of the Chief Information Officer (OCIO) and Tower Software, implemented an electronic records management system (TRIM) to manage the department's executive correspondence. It is envisioned that the electronic records management system will be expanded to include document and project management components during 2008-09.

Information Management Plan

During 2007-08, the Department of Finance, in consultation and collaboration with the Office of the Chief Information Officer (OCIO) and an outside consultant from Bell Canada, developed a multi-year Information Management (IM) Plan. In addition to other things, the plan provides key recommendations designed to further strengthen IM practices throughout the department. It is envisioned that several of the key recommendations contained in the plan will be implemented during the coming year. The department looks forward to working collaboratively with the OCIO to implement some of the strategies identified in the IM Plan.

Administrative Professional Certificate Program

Last year, the Department of Finance together with representatives from Memorial University's Division of Lifelong Learning and the Strategic Human Resource Division of the Executive Council, developed and launched a new certificate program for administrative professionals. The new program was piloted in the Department of Finance and several administrative employees successfully completed the certificate program in March 2008. The Strategic Human Resource Division plans to extend the program to other departments during the 2008-09 fiscal year.

Chartered Accountant Training Office

During the last year, representatives from the Office of the Comptroller General Branch within the Department of Finance prepared a proposal, for approval by the Canadian Institute of Chartered Accountants (CICA), to become an accredited Chartered Accountant (CA) training office. This unique professional training opportunity was previously only available to individuals employed by Chartered Accounting firms or with the Office of the Auditor General. The training program developed by the Office of the Comptroller General has met the rigorous standards of work experience and competency development required for this professional program and was approved by the Institute of Chartered Accountants of Newfoundland (ICAN) on March 14, 2008. The province of Newfoundland and Labrador is the first province in the country to receive this accreditation and we are proud to be providing this new opportunity to aspiring finance professionals. The department already supported individuals pursuing their Certified General Accountant (CGA) and Certified Management Accountant (CMA) designations and this initiative will now provide the department with an opportunity to support individuals seeking their CA designation.

Internal Audit Projects

The Professional Services and Internal Audit Division regularly provides professional services and consulting to the Executive, Government departments and Legislative Branch in order to facilitate the efficient and effective management of programs and resources. During fiscal year 2007-08, the department completed or participated in approximately 34 projects/internal audits.

Establishment of Treasury Board Support Division

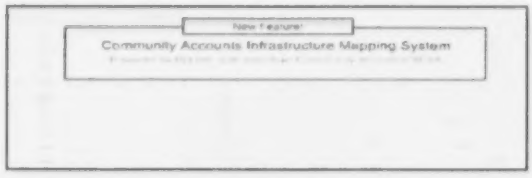
During the 2007-08 fiscal year, the department created a new division which assumed responsibility for the operations and support of the Treasury Board Committee of Cabinet, for which the Minister of Finance serves as President. In addition to other things, this division provided analysis, advice and recommendations on a wide variety of financial and other matters submitted to Treasury Board. Last year, even though the division was not fully opera-

tional, 34 Treasury Board meetings were held, 349 minutes were issues, 119 written recommendations were prepared and 270 Treasury Board Authorities were issued. As well, feedback was provided to Cabinet Secretariat on 73 papers or items being routed to the Economic Policy Committee of Cabinet and 90 papers or items being routed to the Social Policy of Cabinet. Feedback was also provided to the Transparency and Accountability Office on various Strategic/Business and Activity Plans as required. During 2008-09, the Treasury Board Support Division will become fully operational and will review business processes around the operations of Treasury Board to ensure proper standards and operating procedures are in place for the effective operations of Treasury Board.

Neighborhood Accounts

During 2007-08, *Neighborhoods Accounts* were added to the system of *Community Accounts*. As a result of this addition, data is now available for neighborhoods in urban areas across the province. These data have been added in response to many requests from clients and stakeholders and will provide statistics and information for neighborhoods that are comparable to those provided by the Accounts for communities across the province.

Community Infrastructure Mapping System (CIMS)



Development and implementation of the Community Infrastructure Mapping System (CIMS) is enabling the department to provide information on the locations of a variety of infrastructure and services throughout the province. The new capacity uses Google mapping and satellite imagery to locate infrastructure and will have a wide variety of applications and uses for dissemination of data Government-wide and for the general public. It will be of particular use for locating business and other infrastructure to support business and economic development in the province.

EI Flashsheets

New "EI Flashsheets" were added to the Newfoundland and Labrador Statistic Agency's data dissemination web-site. These summary data sets provide a quick data reference on EI usage and trends in Newfoundland and Labrador. These data were added in response to client requests.

5.0 Legislative Update

The following measures were introduced before the House of Assembly and subsequently received Royal Assent during the 2007-08 fiscal year.

Pensions Legislation

Public Service Pensions Act, 1991

- Amendment to remove the provision for a $60 million annual special payment. This amendment was required pursuant to negotiations with the unions that resulted in the payment of $982 million to the Public Service Pension Plan.

- As the result of changes to the Province's *Human Rights Code*, amendment necessary to eliminate the requirement for mandatory retirement at age 65 and to provide that employees who work beyond age 65 can continue to accrue pensionable service.

Teachers' Pensions Act

- As the result of changes to the Province's *Human Rights Code*, amendment necessary to eliminate the requirement for mandatory retirement at age 60 and to provide that teachers who work beyond age 60 can continue to accrue pensionable service.

Uniformed Services Pensions Act

- As the result of changes to the Province's *Human Rights Code*, an amendment was required to eliminate the requirement for mandatory retirement at age 60 and to provide that employees who work beyond age 60 can continue to accrue pensionable service.

Tax Legislation

Income Tax Act, 2000

- To provide for the indexation of personal income tax to the Consumer Price Index.
- To lower income tax rates for all taxable income amounts.
- To increase the low-income tax reduction thresholds for individuals and families.
- To eliminate the personal income tax surtax effective July 1, 2007.
- To provide for a non-refundable tax credit in respect of a qualifying investment in a qualifying resort development property.
- To include a reference to the adoption tax credit.
- To increase the dividend tax credit applicable to large corporations to keep the provincial dividend tax credit continuing at a rate that is similar to that in effect before federal amendments.
- To amend the definition of adjusted income to ensure that the Universal Child Care Benefit does not affect the provincial low income tax reduction.
- To reorder the appearance of provincial tax credits to appear in the same order as federal tax credits on which they are based.
- To ensure that the adoption tax credit will not be prorated on the basis of income earned in the province so that residents will continue to receive the entire amount of the adoption tax credit.
- To amend the definition of 'eligible expenditure' to give legislative effect to and administrate policy respecting the effect of government assistance in relation to research and development activities to prevent multiple tax credits being claimed for the same expenditure.
- To clarify the intent and to achieve greater consistency with the equivalent federal provision for foreign tax credits.
- To permit the negotiation of settlement agreements for multiple jurisdictions of taxation.

Liquor Control Act

- To allow Labrador Inuit Communities to continue to implement alcohol control initiatives.

Retail Sales Tax Act

- To reduce the tax payable on used vehicles from 15% to 14%.

Supply Provisions

Supplementary Supply

- To ratify special warrants issued during 2006-07.

Supply Act

- To provide budget appropriations for the 2007-08 fiscal year.

Interim Supply

- To provide for interim appropriations until the 2008 Budget was passed.

6.0 Report on Performance

The Department of Finance's 2006-2008 Strategic Plan identifies three key strategic priorities for the Minister of Finance. They include:

- FINANCIAL MANAGEMENT
- FUNDED PENSION PLANS
- BUSINESS CLIMATE

The goals identified for each priority area reflect the results expected in the two-year timeframe while the objectives provide an annual focus.

GOAL 1:

The department will have by March 31, 2008 effectively managed the province's financial operating resources and recommended actions to ensure budget surpluses are achieved for fiscal years ending 2007 and 2008.

Objectives:

- The department will have by March 31, 2007 recommended actions to ensure a surplus is achieved for fiscal year 2006-07.
- The department will have by March 31, 2008 recommended actions to ensure a surplus is achieved for fiscal year 2007-08.

GOAL 2:

The department will have by March 31, 2008 improved the funded status of provincial public sector pension plans.

Objectives:

- The department will have by March 31, 2007 invested more monies into the Pooled Pension Fund and begun the capital market borrowing plan.
- The department will have by March 31, 2008 completed the capital market borrowings.

GOAL 3:

The department will have by March 31, 2008 completed a review of the province's overall tax structures and recommended actions to improve the business climate and upon direction of government designed and implemented changes to the existing taxation regime.

Objectives:

- The department will have by March 31, 2007 completed a review and analysis of the province's overall tax structures and recommended actions to improve upon personal and business taxation.
- The department will have by March 31, 2008 actioned priority recommendations, as approved by Cabinet, with respect to the province's tax structure.

PRIORITY ONE: FINANCIAL MANAGEMENT

In the achievement of its goal of a strong and self reliant Newfoundland and Labrador, government is committed to striking the perfect balance that marries fiscal stability with strategic economic investment. Government announced in Budget 2006 that it planned on maintaining surpluses for fiscal years ending 2007 and 2008. Through the effective management of the province's operating resources the Department of Finance will support government in the achievement of this commitment.

Goal One

By March 31, 2008, the Department of Finance will have effectively managed the province's financial operating resources and recommended actions to ensure budget surpluses are achieved for fiscal years ending 2007 and 2008.

Measure: Budget surplus is achieved

Indicators	Accomplishment
Improved financial position for fiscal year ending March 31, 2007	Improved financial position - Budget surplus recorded for the 2006-07 fiscal year
Improved financial position for fiscal year ending March 31, 2008	Improved financial position - Budget surplus recorded for the 2007-08 fiscal year
Government direction is known	Government direction is known
Budget documents reflect Government's direction	Budget documents reflect Government's direction

The province's financial position has improved significantly during the last two fiscal years. Budget surpluses have been recorded for both the 2006-07 and 2007-08 fiscal years and another surplus is projected for the current fiscal year. The budget documents for these fiscal years outline Government's direction and strategic priorities. It is evident from the results achieved during the last two fiscal years that the indicators set out in the Department of Finance's goal of effectively managing the province's financial operating resources and recommending actions to ensure budget surpluses have been achieved. The Department has provided strategic financial analysis and advise to assist Government in achieving its financial targets and budget surpluses. Further, the accomplishments achieved during the past two years have enabled the Department of Finance to assist Government in achieving those strategic directions relating to prudent financial management and fiscal stability as outlined in Appendix D.

Objective for 2007-08

By March 31, 2008, the Department of Finance will have recommended actions to ensure a surplus is achieved for the fiscal year ending 2008.

Measure: Actions are recommended

Indicators:

- Budget surplus for 2007-08 is achieved
- Budget documents reflect Government's direction

Results of 2007-08 Objective

Budget 2008, *"Securing a Sustainable Future"*, provided the people of Newfoundland and Labrador with an update on the provinces finances. The 2008 Budget documents confirm that for the third consecutive year, this province will record a budget surplus and another surplus is projected for 2008-09. When the books of the province are closed for the 2007-08 fiscal year, Government anticipates that a surplus of almost $1.4 billion will be recorded, the largest in the history of the province. As well, a budget surplus of $544 million is projected for the 2008-09 fiscal year.

"Securing a Sustainable Future" presents a clear financial plan for the people of the province. The province's healthy fiscal position has provided Government with the ability to make significant and strategic investments in many priority areas. The budget documents reconfirms the direction Government will take on priority initiatives such as increased spending on health and education, poverty reduction, investments in infrastructure, tax cuts, debt reduction and a prudent fiscal framework.

PRIORITY TWO: FUNDED PENSION PLANS

Newfoundland and Labrador carries a heavy debt burden of net debt of about $12 billion. In servicing the debt Government utilizes revenue that could otherwise be directed at strengthening social programs and growing the economy. Government is committed to reducing debt to a prudent level. In Budget 2006 Government announced it would be applying a significant portion of the Atlantic Accord revenue against the pension plan liabilities, which represents a significant debt for the province. The Department of Finance will support Government in achieving this commitment by implementing actions to improve the pension plan fund's status.

Goal Two

By March 31, 2008, the Department of Finance will have improved the funded status of provincial public sector pension plans.

Measure: Funded status of the provincial public sector pension plans

Indicators	Accomplishment
Funded ratios are improved	Funded ratios are improved

In the last two years significant investments have been made to improve the funded status of the Public Service Pension Plan (PSPP). $982 million has been invested into the PSPP to address the unfunded pension liability. This investment, together with Government's previous investment of $1.953 billion into the Teacher's Pension Plan, has enabled the Department of Finance to achieve its overall goal of improving the funded status of provincial public sector pension plans. As well, these investments have contributed to the achievement of the department's strategic direction of financial management (see Appendix D), particularly those strategic components relating to reduction of the unfunded pension liability, funded debt and interest costs.

Objective for 2007-08

By March 31, 2008, the Department of Finance will have completed the capital market borrowings.

Measure: Completed capital market borrowings
Indicators:

- Borrowing has occurred (terms are disclosed)
- Borrowed funds invested in the pooled pension fund
- Funded ratio is increased

Results of 2007-08 Objective

During the 2007-08 fiscal year, amendments to the Public Service Pension Act were passed in the House of Assembly that allowed Government to pay $982 million into the Public Service Pension Plan (PSPP). On March 15, 2007, Government announced that it would place $400 million into the PSPP immediately and another $582 million by June 30, 2007, to address longstanding concerns around the unfunded pension liability and to bring stability to the plan for public sector employees. During the past year, the Department of Finance completed its capital market borrowing and all borrowed funds were invested into the PSPP. Funds were borrowed at an average rate of 4.6%. This rate is significantly lower than the discount rate on the pension plan liability which is 7.5%. The investment of $982 million into the PSPP in 2007 improved the funded ratio of the plan at June 30, 2007 to 83%, up from 72% at March 31, 2007.

PRIORITY THREE: BUSINESS CLIMATE

Government is committed to growing the economy with a focus on job creation and small and medium size business development. Competitive personal and business tax regimes attract business investment and personnel necessary to position the province to take advantage of new opportunities in the emerging global economy. The tax system must also be fair and promote self reliance, while providing revenue that Government needs to fund programs and services such as health care and education. Government announced in Budget 2006 it planned to undertake a review of its overall tax structures. The Department of Finance will support this commitment by conducting a review of the provincial tax system to determine if there is a need to re-balance the tax mix to ensure it is fair, equitable and competitive, and recommending actions to improve the business taxation climate. Upon receiving direction from Government, the Department of Finance will further design and implement changes to the existing taxation regime.

Goal Three

By March 31, 2008, the Department of Finance will have completed its review of the province's overall tax structures and recommended actions to improve the business climate and upon direction of Government designed and implemented changes to the existing taxation regime.

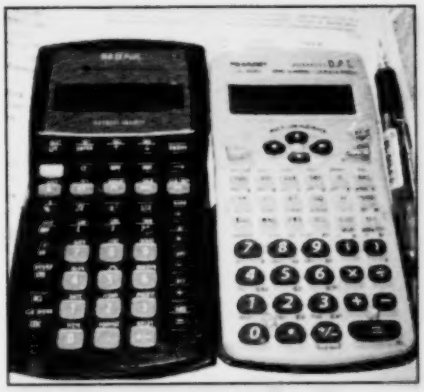
Measure: Report on Taxation Regime

Indicators	Accomplishment
Recommendations accepted for consideration by Government	Recommendations accepted for consideration by Government

During the 2006-07 fiscal year, the Department of Finance, at the direction of Government, completed a review of the province's tax regime. The results of that review included a number of recommendations which were presented to Government for consideration as part of developing the 2007 Budget. In addition to other things, the 2007 Budget announced significant changes to the provincial personal income tax (PIT) regime, representing the largest tax cut in the history of the province.

Effective July 1, 2007 the province's PIT rates were reduced as follows:

- Tax on the first income tax bracket was reduced from 10.57% to 8.7%
- Tax on the second income tax bracket was reduced from 16.16% to 13.8%
- Tax on the third income tax bracket was reduced from 18.02% to 16.5%
- The 9% surtax imposed upon middle and high-income earners was eliminated



These measures resulted in tax savings of approximately $111.3 million for Budget 2007 and $160.5 million annually when fully annualized. These reductions also resulted in Newfoundland and Labrador having the lowest PIT rates in Atlantic Canada. Additional information about the PIT reductions can be found at: http://www.releases.gov.nl.ca/releases/2007/fin/0426n06bk1.htm.

In addition to ensuring that appropriate legislation was developed to effect the PIT reductions announced in the 2007 Budget, the Department of Finance developed legislation last year to reduce Retail Sales Tax (RST) on the private sale of used vehicles from 15% to 14% and to increase the small business corporate income tax threshold from $300,000 to $400,000. As well, changes were completed by the department to implement an enhanced Seniors' Benefit for married seniors by adjusting the qualifying income threshold. In 2006, a senior couple received the full Seniors' Benefit if their combined income was less than $15,032 and received a partial benefit with combined income up to $21,482. For the 2007 year, the income threshold was adjusted so that the full benefit was received for incomes up to $25,000 and the partial benefit was received for income up to $31,587. Additional information about the enhanced Seniors' Benefit can be found at: http://www.fin.gov.nl.ca/fin/taxcreditsprogslowsenr.html.

The implementation of these tax reductions has enabled the Department of Finance to assist Government in fulfilling its strategic directions relating to personal and business tax competitiveness as outlined in Appendix D.

Objective for 2007-08

By March 31, 2008, the Department of Finance will have actioned priority recommendations, as approved by Cabinet, with respect to the province's tax structure.

Measure: Priority recommendations are actioned

Indicator:

- Legislation to implement specific tax measures completed

Results of 2007-08 Objective

During the 2007-08 fiscal year, the Department of Finance in consultation and collaboration with representatives from the Department of Justice prepared the required legislative amendments to effect changes to the province's tax structure as approved by Cabinet. These amendments were presented to the House of Assembly during 2007-08 and subsequently received Royal Accent.

Amendments to the *Income Tax Act* (2000) were prepared to allow for significant Personal Income Tax reductions as announced in the 2007 Budget. As well, an amendment was made to the *Retail Sales Tax Act* (RST) to allow for a reduction in RST on used vehicles from 15% to 14%.

7.0 Opportunities and Challenges

During the past two years, the Department of Finance has worked diligently to carry out the work necessary to achieve the goals and objectives set out in its 2006-08 Strategic Plan. As a result of that hard work, significant improvements have been made in several key areas which have help strengthen the province's financial position. Significant investments in the Public Sector Pension Plan have helped reduce the unfunded pension liability and brought stability to the plan; a comprehensive review of the province's tax regime by officials in the Department of Finance enabled the department to provide detailed analysis and recommendations to ensure this province remains competitive with other tax regimes across Canada; and regular budget monitoring enabled the department to ensure that budget targets were achieved.

While significant improvements have been made during the past two years, there are still many opportunities and challenges ahead. Implementation of the Corporate Shared Services (Financial) Model will have a direct impact on the business processes, operations, technology and human resources of the department, in particular the Office of the Comptroller General. While this represents a challenge in the short term, it also provides an opportunity to employ new technologies and business processes which may help enhance efficiencies in transactional processing. Implementation of the Corporate Shared Service (Financial) Model will also provide an opportunity for the department to consolidate government's existing policies and procedures relating to payroll and financial transaction processing, with a view to ensuring transactions are processed in a consistent and controlled manner.

Implementation of an approved training program for Chartered Accountant students will help assist the Department of Finance in meeting some of its overall human resource requirements. This training program, together with other initiatives, will enhance internal audit capacity thereby promoting greater transparency and accountability. During the coming year, the department will continue to work in consultation with all stakeholders to assist the Clerk of the House of Assembly to implement the recommendations contained in Judge Greene's Report. The department will also assume a new role in internal audit for the House of Assembly (Audit Committee) as contemplated by the *House of Assembly Accountability, Integrity and Administration Act*.

During the past year, the Department of Finance worked in consultation and collaboration with the Office of the Chief Information Officer to commence development of a new budgeting system. This new system will enable the department to integrate various processes and software used to produce Government's Budget Estimates and other supporting budget documents and

reports. When fully developed and implemented, the new system will be utilized for on-going budget monitoring and reporting.

Despite the many opportunities that lie ahead, the department will continue to face challenges during the coming year. The department's ability to forecast non-renewable resource revenues will continue to be a challenge due to continued volatility in the commodities market. Outside factors such as commodity prices, exchange rates and production levels, which are beyond the control of government, can have significant impacts on the province's revenues and in turn the overall financial position of the province. Further, given today's high oil prices and the province's projected surpluses, the demands for new and expanded programs and services will likely continue to increase. Maintaining expenditure growth at a sustainable level will continue to be a challenge.

The Department of Finance will need to consider how it performs its economic analysis so that its analysis is responsive to current trends, particular industries and the global economy. Government is promoting a growing and diversifying economy. There are numerous opportunities occurring in a wide range of economic sectors, both current and emerging, with much diversified characteristics that present many challenges for economic analysis. Analyzing a business proposal within this diversified framework of economic sectors and government funding programs is a challenge since the department has to work with these dissimilarities and provide a standardized approach to project analysis and report results in a concise and meaningful way. As well, numerous factors such as population changes, skilled labour shortages, new major industries (i.e., oil, nickel), long distance commuting, and changing consumer behaviors all provide challenges to economic forecasting and impact analysis of the province's economy. The department will need to ensure that it keeps current in the modeling techniques and tools it uses for project analysis and economic forecasting.

Maintenance of the population projection system used to produce long-term regional population projections by age for the province will continue to be a challenge. These projections are produced for planning purposes for multiple geographies including economic zones, Rural Secretariat regions, school districts, regional integrated health authorities and judicial centers. Maintenance of this system to ensure that it has the latest demographic statistics will be a challenge because of the continued large flows of people to and from the province. A more automated integration is required between the migration information currently used in producing population projections and the provincial economic forecast. The department is also faced with an increasing number of requests for projections at the community level. Because this is a relatively new requirement, such requests are performed on an ad hoc basis, depend-

ing on available resources. A more efficient, holistic projection process is required to meet this growing area.

Government has committed publicly to review annually the province's business tax environment to ensure Newfoundland and Labrador remains competitive and to maintain the lowest personal income tax rates in Atlantic Canada to the extend that it is fiscally possible. This will entail constant monitoring of other jurisdictions and recommending measures to fulfill this commitment with a continued view on managing the financial resources of the province prudently through an awareness of our fiscal capacity and responsible spending.

While the province has enjoyed tremendous financial success in recent years, it continues to have a very high debt burden. Government must remain vigilant in its efforts to continue to reduce the provincial debt to a level that promotes long-term sustainability. Unless the debt is reduced in a real and meaningful way, achieving and maintaining financial stability will be a significant challenge.

Even though the future is unpredictable and many challenges are ahead, the Department of Finance remains committed to ensuring that the finances of the province are managed in a prudent and fiscally responsible manner. The department remains committed to providing detailed analysis and advice to Government so that decisions made today are made with the benefit of an assessment of the long-term financial outlook for the province.

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P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-2341
Facsimile: (709) 729-7627

Expenditure Control and Compliance Section
3rd Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-6008
Facsimile: (709) 729-2098

Public Accounts and Banking Services Section
3rd Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-7346
Facsimile: (709) 729-2098

Revenue and Payroll Section
3rd Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-6517
Facsimile: (709) 729-4117

Operational Management and Strategic Planning (FMS) Division
3rd Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-6530
Facsimile: (709) 729-2098

Professional Services and Internal Audit Division
3rd Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-0702
Facsimile: (709) 729-2098

Corporate Services (Financial)
Petten Building
30 Strawberry Marsh Road
St. John's, Newfoundland A1B 4R4
Telephone: (709) 729-7181
Facsimile: (709) 729-1404

Taxation and Fiscal Policy

Fiscal Policy Division
Main Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-3166
Facsimile: (709) 729-2070

Project Analysis Division
3rd Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-2776
Facsimile: (709) 729-3038

Tax Administration Division
3rd Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-6297
Facsimile: (709) 729-2856

Tax Policy Division
Main Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-3166
Facsimile: (709) 729-2070
E-mail: taxpolicy@gov.nl.ca

Executive Support

Deputy Minister of Finance
Main Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-2947
Facsimile: (709) 729-2232

Policy, Planning, Accountability and Information Management
Main Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-2950
Facsimile: (709) 729-2070

Communications
Main Floor, East Block
Confederation Building
P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Telephone: (709) 729-6830
Facsimile: (709) 729-6791

Web Sites:

Department of Finance: www.gov.nl.ca/fin

Economics: www.economics.gov.nl.ca

Statistics: www.stats.gov.nl.ca

Pensions: www.gov.nl.ca/fin/pensions

Community Accounts: www.communityaccounts.ca

GeoStats: www.geostats.ca

Tax Administration: www.gov.nl.ca/fin/etax

Taxation and Fiscal Policy: www.fin.gov.nl.ca/fin/fisctax/fisctax.htm

Financial Planning and Benefits Administration: www.fin.gov.nl.ca/fin/finplanning

Office of the Comptroller General: www.fin.gov.nl.ca/comptrollergeneral

Associated Boards, Commissions and Agencies: www.fin.gov.nl.ca/fin/boards.htm

Appendices

Appendix A

Entities Reporting to the Minister of Finance

- C.A. Pippy Park Commission
- Newfoundland and Labrador Liquor Corporation
- Newfoundland and Labrador Consolidated Sinking Funds
- Government Money Purchase Pension Plan
- Newfoundland and Labrador Industrial Development Corporation
- Newfoundland and Labrador Municipal Financing Corporation
- Newfoundland Government Fund Limited
- Newvest Realty Corporation
- Pension Investment Committee
- Public Service Pension Plan Joint Trusteeship Transition Committee * *See Appendix B*
- Labrador Transportation Initiative Fund * *See Appendix C*

* These entities did not have any activity during the 2007-08 fiscal year, therefore Activity Reports are not required to be prepared and tabled. However, should activities occur in the current or future years, an Activity Report will be prepared and tabled in accordance with the provisions of the *Transparency and Accountability Act*.

Appendix B

Public Service Pension Plan
Joint Trusteeship Transition Committee

The *Agreement on Pensions*, which forms part of the current Public Service Collective Agreements, mandated the establishment of a Joint Trusteeship Transition Committee (the Committee) to recommend to the parties a joint pension trust structure to govern the activities of the Public Service Pension Plan (PSPP). Under this arrangement, an independent board of trustees would be responsible for the administration of the PSPP, including the setting of benefits and investment of the Fund.

The Committee was struck and included representatives of the five unions participating in the PSPP and representatives of government and the larger employers, including Newfoundland and Labrador Hydro and the Newfoundland and Labrador Health Boards Association.

Originally, this process was targeted to be completed in spring 2003 with a revised target of April, 2008, based on the current collective agreements. During the initial discussions, the union representatives on the Committee indicated that until the issue of the unfunded pension liability was fully resolved, they were not prepared to move forward. As a result, the Committee has not met since 2003.

As there were no activities for this entity during 2007-08, the entity has not submitted a separate Activity Report. Should the status of the Committee change, a performance report will be prepared, as required under the *Transparency and Accountability Act*.

Appendix C

The Labrador Transportation Initiative Fund

The Labrador Transportation Initiative Fund (*the Fund*) was established on December 19, 1997 under the authority of the *Labrador Transportation Initiative Fund Act* (*the Act*).

The Fund was established for the purposes of:

- operations of the marine freight and passenger services and the maintenance of lands, wharves and related facilities servicing Labrador,
- the construction of the Trans Labrador Highway,
- other Labrador initiatives related to transportation as approved by the Lieutenant-Governor in Council.

The Fund is managed by a Board of Management comprised of the Secretary of Treasury Board, the Deputy Minister of Finance and not more than three additional persons appointed by the Lieutenant-Governor in Council. The day-to-day administration of the Fund is carried out by officials in the Office of the Comptroller General. The Comptroller General acts as Secretary to the Board and the Deputy Minister of Transportation and Works also acts as an advisor.

Decisions respecting the prioritization of services or the construction undertaken in a given year are made by Government through the annual budget process. Funding is provided to the Consolidated Revenue Fund to offset costs incurred by the Department of Transportation and Works that meet the requirements of the Act and that are approved by the Board.

In accordance with the *Financial Administration Act*, the Department of Transportation and Works is provided with funding from the Consolidated Revenue Fund for its program expenditures through the provision of appropriations as approved by the House of Assembly. The Department of Transportation and Works would also estimate the amount of funding it would receive from the Fund which would appear as revenue offset against its expenditures in the Consolidated Revenue Fund. Once the Department of Transportation and Works appropriations are approved in the House of Assembly through the usual budget process followed by all government departments, Transportation and Works would present its funding requests estimates to the Board of Management of the Fund for approval consideration. All requests

must be approved by the Board before payments are made from the Fund. Payments are made based on eligible expenditures incurred.

As all monies have now been depleted, there will be no further activities planned for this entity.

Appendix D

Strategic Directions

Strategic directions are the articulation of desired physical, social or economic outcomes and normally require action by more than one government entity. These directions are generally communicated by government through platform documents, Throne and Budget Speeches, policy documents, and other communiqués. The *Transparency and Accountability Act* requires departments and public bodies to take into account these strategic directions in the preparation of their performance-based plans. This action will facilitate the integration of planning practices across government and will ensure that all entities are moving forward on key commitments.

The directions related to the Department of Finance follow. Each strategic direction is comprised of a number of components, or focus areas. These focus areas will be addressed through the various planning processes of the department. As indicated in the following table, some have been addressed in this strategic plan while others are addressed in the operational and/or work planning processes.

1. ***Title:*** Financial Management

Outcome Statement: Fiscal Stability

Clarifying Statement: This outcome supports the policy direction of government and requires systematic intervention in the following areas:

Strategic Direction Components	This direction is addressed in the entity's....		
	Strategic Plan	Operational Plan	Work Plans
1. EXPENDITURES			
◑ Debt control	√		
◑ Fiscal discipline and control	√		
◑ Financing arrangements			
- Funded debt		√	
- Interest cost		√	
- Unfunded pension liability	√		
- Post retirement benefits/liabilities	√		
2. REVENUE			
◑ Provincial economic development	√		
◑ Revenue collection process		√	
◑ Efficient tax administration			√
◑ Natural resource revenues		√	
◑ Fairness in federal transfers		√	

2. ***Title:*** Tax Policies and Incentives

Outcome Statement: Personal and business taxes are competitive with Atlantic Canada.

Clarifying Statement: This outcome supports the policy direction of government and requires systematic intervention in the following areas:

Strategic Direction Components	This direction is addressed in the entity's....		
	Strategic Plan	Operational Plan	Work Plans
1. SOCIAL			
❍ Poverty reduction	√		
❍ Seniors	√		
❍ Students and new graduates	√		
❍ Families	√		
2. ECONOMIC			
❍ Business tax	√		
❍ Income and consumption tax	√		

Appendix E

Unaudited
Statement of Revenues and Expenditures

	Actual	Estimates Amended	Estimates Original
	$	$	$
EXECUTIVE AND SUPPORT SERVICES			
MINISTER'S OFFICE			
CURRENT			
1.1.01. MINISTER'S OFFICE			
01. Salaries	**248,474**	275,800	275,800
03. Transportation and Communications	**30,653**	50,000	50,000
04. Supplies	**4,834**	5,000	5,000
06. Purchased Services	**1,034**	8,300	8,300
Total: Minister's Office	**284,995**	339,100	339,100
TOTAL: MINISTER'S OFFICE	**284,995**	339,100	339,100
GENERAL ADMINISTRATION			
CURRENT			
1.2.01. EXECUTIVE SUPPORT			
01. Salaries	**935,012**	946,500	999,500
01. Salaries (Statutory)	**106,672**	104,400	104,400
02. Employee Benefits	**2,140**	3,000	3,000
03. Transportation and Communications	**45,198**	52,800	66,800
04. Supplies	**10,768**	11,900	6,900
05. Professional Services	**41,921**	42,600	20,000
06. Purchased Services	**29,002**	33,800	6,300
Total: Executive Support	**1,170,713**	1,195,000	1,206,900
1.2.02. ADMINISTRATIVE SUPPORT			
02. Employee Benefits	**4,009**	5,000	1,400
03. Transportation and Communications	**270,732**	271,000	176,000
04. Supplies	**36,812**	40,800	34,800
05. Professional Services	**296**	1,000	1,000
06. Purchased Services	**75,342**	77,900	35,900
07. Property, Furnishings and Equipment	**5,252**	10,000	2,800
	392,443	405,700	251,900
02. Revenue - Provincial	**(102,907)**	(80,000)	(80,000)
Total: Administrative Support	**289,536**	325,700	171,900
TOTAL: GENERAL ADMINISTRATION	**1,460,249**	1,520,700	1,378,800

	Actual	Estimates Amended	Estimates Original
	$	$	$
EXECUTIVE AND SUPPORT SERVICES			
GENERAL GOVERNMENT			
CURRENT			
1.3.01. GOVERNMENT PERSONNEL COSTS			
01. Salaries	-	1,614,600	4,857,500
02. Employee Benefits	**47,619,324**	51,031,000	51,031,000
	47,619,324	52,645,600	55,888,500
02. Revenue - Provincial	**(192,030)**	(125,000)	(125,000)
Total: Government Personnel Costs	**47,427,294**	52,520,600	55,763,500
TOTAL: GENERAL GOVERNMENT	**47,427,294**	52,520,600	55,763,500
TOTAL: EXECUTIVE AND SUPPORT SERVICES	**49,172,538**	54,380,400	57,481,400
FINANCIAL ADMINISTRATION			
FINANCIAL PLANNING AND BENEFITS ADMINISTRATION			
CURRENT			
2.1.01. PENSIONS ADMINISTRATION			
01. Salaries	**1,531,341**	1,703,500	1,703,500
02. Employee Benefits	**1,775**	3,000	3,000
03. Transportation and Communications	**32,573**	60,700	60,700
04. Supplies	**82,160**	114,700	114,700
05. Professional Services	**146,816**	397,100	397,100
06. Purchased Services	**31,504**	110,400	110,400
07. Property, Furnishings and Equipment	**13,230**	23,000	23,000
	1,839,399	2,412,400	2,412,400
02. Revenue - Provincial	**(1,826,022)**	(2,412,400)	(2,412,400)
Total: Pensions Administration	**13,377**	-	-
2.1.02. DEBT MANAGEMENT			
01. Salaries	**617,621**	652,700	677,300
02. Employee Benefits	-	1,000	1,000
03. Transportation and Communications	**10,726**	15,600	15,600
04. Supplies	**2,820**	3,700	2,700
06. Purchased Services	**35,079**	37,900	37,900
	666,246	710,900	734,500
02. Revenue - Provincial	**(181,489)**	(238,300)	(238,300)
Total: Debt Management	**484,757**	472,600	496,200

	Actual	Estimates Amended	Original
	$	$	$
FINANCIAL ADMINISTRATION			
FINANCIAL PLANNING AND BENEFITS ADMINISTRATION			
CURRENT			
2.1.03. BUDGETING AND INSURANCE			
01. Salaries	**1,067,919**	1,145,900	1,186,600
02. Employee Benefits	**205**	1,000	1,000
03. Transportation and Communications	**41,497**	47,800	17,800
04. Supplies	**18,162**	18,900	9,400
06. Purchased Services	**24,468**	42,000	42,000
07. Property, Furnishings and Equipment	**31,351**	39,200	-
	1,183,602	1,294,800	1,256,800
02. Revenue - Provincial	**(7,044)**	(15,000)	(15,000)
Total: Budgeting and Insurance	**1,176,558**	1,279,800	1,241,800
2.1.04. FINANCIAL ASSISTANCE			
10. Grants and Subsidies	**3,365,019**	9,250,000	9,500,000
Total: Financial Assistance	**3,365,019**	9,250,000	9,500,000
2.1.05. SPECIAL ASSISTANCE			
09. Allowances and Assistance	**101,375**	750,000	750,000
Total: Special Assistance	**101,375**	750,000	750,000
CAPITAL			
2.1.06. FINANCIAL ASSISTANCE			
08. Loans, Advances and Investments	**-**	500,000	500,000
Total: Financial Assistance	**-**	500,000	500,000
TOTAL: FINANCIAL PLANNING AND BENEFITS ADMINISTRATION	**5,141,086**	12,252,400	12,488,000
TAXATION AND FISCAL POLICY			
CURRENT			
2.2.01. TAX POLICY			
01. Salaries	**331,176**	406,200	483,100
02. Employee Benefits	**-**	300	300
03. Transportation and Communications	**12,353**	29,400	29,400
04. Supplies	**7,523**	8,700	4,700
05. Professional Services	**-**	1,500	1,500
06. Purchased Services	**501,373**	554,800	554,800
07. Property, Furnishings and Equipment	**8,041**	8,700	-
Total: Tax Policy	**860,466**	1,009,600	1,073,800

		Estimates	
	Actual	Amended	Original
	$	$	$
FINANCIAL ADMINISTRATION			
TAXATION AND FISCAL POLICY			
CURRENT			
2.2.02. FISCAL POLICY			
01. Salaries	289,188	390,000	390,800
02. Employee Benefits	220	300	300
03. Transportation and Communications	12,561	25,400	25,400
04. Supplies	2,430	3,200	3,200
05. Professional Services	-	2,300	2,300
06. Purchased Services	419	2,700	2,700
07. Property, Furnishings and Equipment	-	800	-
Total: Fiscal Policy	304,818	424,700	424,700
2.2.03. PROJECT ANALYSIS			
01. Salaries	425,497	437,600	470,600
02. Employee Benefits	-	500	500
03. Transportation and Communications	2,785	10,000	10,000
04. Supplies	2,168	8,400	8,700
05. Professional Services	-	10,000	10,000
06. Purchased Services	1,761	2,400	1,900
07. Property, Furnishings and Equipment	247	300	-
Total: Project Analysis	432,458	469,200	501,700
2.2.04. TAX ADMINISTRATION			
01. Salaries	2,820,655	2,827,500	2,793,500
02. Employee Benefits	4,434	6,300	3,700
03. Transportation and Communications	113,173	134,000	181,600
04. Supplies	56,278	61,600	61,600
05. Professional Services	7,239	32,200	57,200
06. Purchased Services	82,573	100,600	52,600
07. Property, Furnishings and Equipment	45,175	47,000	-
10. Grants and Subsidies	2,250	3,000	3,000
	3,131,777	3,212,200	3,153,200
02. Revenue - Provincial	(15,128)	(15,000)	(15,000)
Total: Tax Administration	3,116,649	3,197,200	3,138,200
TOTAL: TAXATION AND FISCAL POLICY	4,714,391	5,100,700	5,138,400

	Actual	Estimates Amended	Estimates Original
	$	$	$
FINANCIAL ADMINISTRATION			
ECONOMICS AND STATISTICS BRANCH			
CURRENT			
2.3.01. ECONOMICS AND STATISTICS			
01. Salaries	**1,910,129**	2,291,200	2,495,300
02. Employee Benefits	**3,626**	5,800	2,800
03. Transportation and Communications	**59,404**	133,800	134,200
04. Supplies	**39,450**	134,400	134,400
05. Professional Services	**75,889**	237,900	237,900
06. Purchased Services	**124,872**	181,000	181,000
07. Property, Furnishings and Equipment	**51,982**	63,700	25,800
	2,265,352	3,047,800	3,211,400
01. Revenue - Federal	**(10,000)**	(210,000)	(210,000)
02. Revenue - Provincial	**(992,019)**	(1,649,000)	(1,649,000)
Total: Economics and Statistics	**1,263,333**	1,188,800	1,352,400
TOTAL: ECONOMICS AND STATISTICS BRANCH	**1,263,333**	1,188,800	1,352,400
OFFICE OF THE COMPTROLLER GENERAL			
CURRENT			
2.4.01. OFFICE OF THE COMPTROLLER GENERAL			
01. Salaries	**3,020,202**	3,127,800	3,653,800
02. Employee Benefits	**9,182**	10,800	4,800
03. Transportation and Communications	**61,701**	104,000	104,000
04. Supplies	**68,578**	77,600	67,600
05. Professional Services	**471,824**	477,000	102,000
06. Purchased Services	**190,338**	225,000	225,000
07. Property, Furnishings and Equipment	**143,138**	150,000	15,000
	3,964,963	4,172,200	4,172,200
01. Revenue - Federal	**(146,100)**	(250,000)	(250,000)
02. Revenue - Provincial	**(78,255)**	(70,900)	(70,900)
Total: Office of the Comptroller General	**3,740,608**	3,851,300	3,851,300

	Actual	Estimates Amended	Original
	$	$	$
FINANCIAL ADMINISTRATION			
OFFICE OF THE COMPTROLLER GENERAL			
CURRENT			
2.4.02. CORPORATE SERVICES			
01. Salaries	**1,414,860**	1,419,200	1,374,200
02. Employee Benefits	**259**	39,500	42,100
03. Transportation and Communications	**23,760**	25,600	25,600
04. Supplies	**9,458**	15,100	15,100
05. Professional Services	-	13,100	13,100
06. Purchased Services	**4,079**	4,800	4,800
07. Property, Furnishings and Equipment	**1,131**	2,600	-
Total: Corporate Services	**1,453,547**	1,519,900	1,474,900
TOTAL: OFFICE OF THE COMPTROLLER GENERAL	**5,194,155**	5,371,200	5,326,200
TOTAL: FINANCIAL ADMINISTRATION	**16,312,965**	23,913,100	24,305,000
TOTAL: DEPARTMENT	**65,485,503**	78,293,500	81,786,400

Summary of Gross Expenditure and Unexpended Balances

	$
Original estimates (net)	81,786,400
Add (subtract) transfers of estimates	(3,492,900)
Addback revenue estimates net of transfers and statutory payments	4,961,200
Original estimates of expenditure	83,254,700
Supplementary supply	-
Total appropriation	83,254,700
Total net expenditure	65,485,503
Add revenue less transfers and statutory payments	3,444,322
Total gross expenditure (budgetary, non-statutory)	68,929,825
Unexpended balance of appropriation	14,324,875

Summary of Cash Payments and Receipts

	Payments	Receipts	Net
	$	$	$
Current Account	69,036,497	3,550,994	65,485,503

TERRY PADDON, C.A.
Deputy Minister
and Secretary to Treasury Board
Finance

Department of Finance
Annual Report 2007-08

Newfoundland
Labrador